SNYDERVILLE BASIN
SPECIAL RECREATION DISTRICT,
A COMPONENT UNIT OF
SUMMIT COUNTY, UTAH
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS
YEAR ENDED DECEMBER 31, 2006

TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2006

	Starting on Page
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	2
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of Net Assets	13
Statement of Activities	14
FUND FINANCIAL STATEMENTS	
GOVERNMENTAL FUNDS	
Balance Sheet	15
Reconciliation of the Governmental Funds Balance Sheet to the	
Statement of Net Assets	16
Statement of Revenues, Expenditures and Changes in Fund Balances	
Reconciliation of the Governmental Funds Statement of Revenues,	17
Expenditures and Changes in Fund Balances to the Statement of Activities	18
Budgetary Comparison Schedule	19
NOTES TO THE FINANCIAL STATEMENTS	20
SUPPLEMENTARY INFORMATION	
Schedule of Impact Fees	34
STATE LEGAL COMPLIANCE REPORT	
INDEPENDENT AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE	35
GOVERNMENT AUDITING STANDARDS REPORT	
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING	
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT	
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH	
GOVERNMENT AUDITING STANDARDS	36

GREG OGDEN, CPA 1761 EAST 850 SOUTH SPRINGVILLE, UT 84663 (801)489-8408

MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

May 22, 2007

Board of Directors
Snyderville Basin
Special Recreation District

I have audited the accompanying financial statements of the governmental activities and each major fund of Snyderville Basin Special Recreation District (District), a component unit of Summit County, Utah as of and for the year ended December 31, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

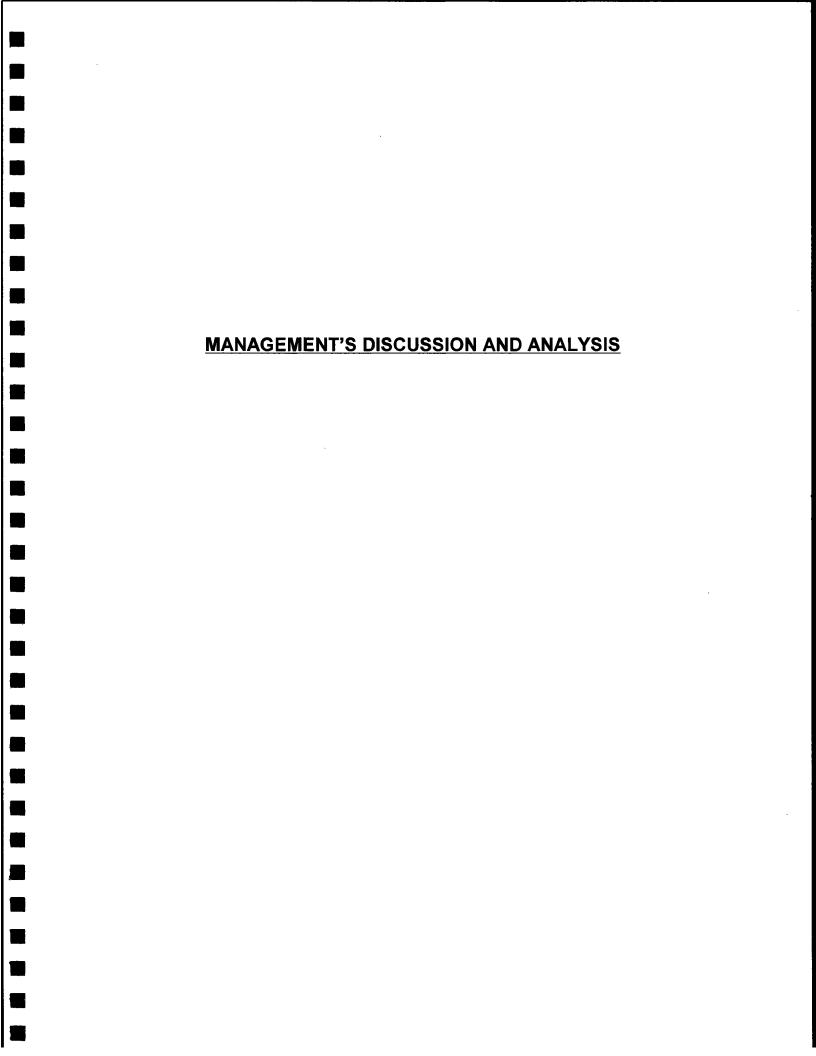
In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2006 and the respective changes in financial position, where applicable, of those activities and funds and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated May 22, 2007, on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

The management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

Greg Ogden,

Certified Public Accountant



MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of the Snyderville Basin Special Recreation District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2006. We encourage readers to consider the information presented here in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The total net assets of the District increased from \$10,811,625 to \$13,430,538, an increase of \$2,618,913 (24.2%).
- Total net assets, of \$13,430,538 consist of \$5,674,793 in capital assets net of related debt, \$2,195,015 in net assets restricted for capital improvements, \$2,227,718 in net assets restricted for debt service, and \$3,333,012 in unrestricted net assets.
- Total long-term liabilities of the District decreased from \$14,690,766 to \$14,120,434, a decrease of \$570,332 (3.9%) due to pay down of debt service and no additional bonds being issued in 2006.
- All District funds are governmental and are categorized into four major funds as follows:
 - o General Fund The General Fund is the primary operating fund of the District. The General Fund balance increased from \$1,936,081 to \$2,266,687, an increase of \$330,606 (17.1%).
 - o Debt Service Fund The Debt Service Fund's purpose is to repay principal and interest on the District's General Obligation Bonds. The Debt Service Fund balance increased from \$1,414,725 to \$1,643,772, an increase of \$229,047 (16.2%).
 - o Impact Fee Fund The Impact Fee Fund's purpose is to pay for new community park, trails and recreation system improvements, with impact fees, based on the District's Capital Facilities Plan. The Impact Fee Fund balance increased from \$1,004,692 to \$2,195,015, an increase of \$1,190,323 (118.5%). With the completion of two major projects in 2005, and no new projects initiated in 2006, impact fee collections have continued to accumulate in the Impact Fee Fund for future projects.
 - O Capital Fund The Capital Fund primarily holds funds for spend down following the sale of General Obligation bonds, in addition to grants received, and capital contributions rolled over from the District operations budget to fund capital projects approved by the Board. The Capital Fund balance increased from \$681,221 to \$1,013,126, an increase of \$331,905 (48.7%). This increase reflects a contribution from the general fund for

future capital projects. There is \$300,000 designated within the capital fund for equipment replacement.

REPORTING THE DISTRICT AS A WHOLE

This discussion and analysis is intended to serve as an introduction to the District's basic financial statement. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

- The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, readers will also need to consider other non-financial factors.
- The statement of activities presents information showing how the District's net assets changed during the calendar year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

All of the District funds are classified as Governmental funds. These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on how money flows into and out of these funds and the resulting balances left at year-end are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation included with the fund financial statements.

The four major governmental funds of the District (as determined by generally accepted accounting principles) are as follows:

- General Fund The purpose of this fund is to account for all financial resources except those required to be accounted for in another fund (described below). General fund monies are primarily used for the operations and maintenance of District facilities, programs, and administration.
- Capital Projects Fund The objective of this fund is to account for the financial resources to be used for the acquisition or construction of major capital facilities as authorized by the voters. This fund also accounts for grants received for the purpose of specific capital projects. Excess funds accumulated through the operational tax levy may be earmarked for capital projects as approved by the District Board.
- Impact Fees Fund The District imposes impact fees for the development of community park, trail and recreation system improvements. The Impact Fees Act requires the District to separately account for the receipts and disbursement of these fees. Impact fee expenditures may only be used for authorized facilities identified in the Capital Facilities Plan.
- Debt Service Fund The purpose of this account is to track the accumulation of resources for, and the payment of, general long-term debt principal and interest.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceed liabilities by \$13,430,538

The four major components of the District's net assets include:

- Investment in Capital Assets, net of related debt (42.3%) reflects the investment in capital assets (e.g., land, buildings, infrastructure assets, and machinery and equipment).
- Restricted for Debt Service (16.6%). Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, such as property tax collections and interest income, since the capital assets themselves cannot be used to liquidate these liabilities.
- Restricted for Capital (16.3%) Replacement reserve funds, funds allocated by the District Board as a part of the annual budget adoption process earmarking funds for specific capital project.
- Unrestricted Assets (24.8%) reflect those funds available for uses other than those that have been previously invested in capital assets or are otherwise restricted for debt service and capital improvements.

STATEMENT OF NET ASSETS		
•	Government	al Activities
	Dec. 31, 2006	Dec. 31, 2005
Current Assets	\$ 2,653,442	\$ 2,277,385
Noncurrent Assets	25,021,140	23,267,441
Total Assets	27,674,582	25,544,826
Current Liabilities	123,610	42,435
Noncurrent Liabilities	14,120,434	14,690,766
Total Liabilities	14,244,044	14,733,201
Net Assets:		
Invested in Capital Assets, Net of Related Debt	5,674,793	5,145,585
Restricted for:		
Capital Improvements	2,195,015	1,685,913
Debt Service	2,227,718	1,275,943
Unrestricted	3,333,012	2,704,184
Total Net Assets	\$ 13,430,538	\$ 10,811,625

	Governmental Activities				
	Dec. 31, 2006	De	ec. 31, 2005		
Revenues					
Program Revenues:					
Charges for Services	\$ 615,288	\$	592,767		
Operating Grants and Contributions	30, 000		30,000		
Capital Grants and Contributions	1,304,059		1,299,575		
General Revenues:					
Property Taxes	3,534,047		3,402,736		
Vehicle Taxes	163, 041		192,356		
Unrestricted Investment Earnings	261,142		129,582		
Miscellaneous	10,156		9,219		
Total Revenues	5,917,733		5,656,235		
Expenses					
Administration	843,865		703,613		
Parks	424, 811		450,350		
Trails	2 94, 349		254,209		
Recreation	1,012,109		903,551		
Contribution to Ice Skating Rink	68, 754		2,050,000		
Interest on Long-Term Debt	654,932		662,172		
Total Expenses	3,298,820		5,023,89		
Change in Net Assets	2,618,913		632,340		
Prior Period Adjustment	-		(394		
Net Assets Beginning (1/1/06)	10,811,625		10,179,679		
Net Assets Ending (12/31/06)	\$ 13,430,538	\$	10,811,625		

In the above Program Revenues, the District was the recipient of a restaurant tax grant in the amount of \$29,000 which was used toward the purchase of a TerraTrak machine for trails maintenance. The District was the recipient of four Recreation, Arts and Parks (RAP) Grants, totaling \$206,617, as follows: The Hi-Ute Kilby transportation trail project received \$38,308. The shade shelters for bleachers at the Ecker Hill Field Complex received \$25,000. A grant was received in the amount of \$68,754 that was paid out to Park City Municipal Corporation as a contribution to ice arena operations in

accordance with an Interlocal Agreement between the District and Park City. (The fourth grant is not reflected above as it was received as a pass-through grant in the amount of \$74,555 which will be paid out by the District for Rail Trail paving improvements in 2007 as described in a Memorandum of Understanding between the District, Mountain Trails Foundation and Summit County.)

Impact fee collections for parks and trails in 2006 totaled \$1,127,271. The allocation for parks improvements is \$1,118,494; the allocation for trail improvements is \$8,777. These fees comprise capital funds for park and trail improvements identified in the District's Capital Facilities Plan.

Charges for services include park field and facility rentals in the amount of \$87,069 and recreation program fees in the amount of \$528,219. Summit County contributes \$30,000 annually to each of the recreation regions in the County, including the Snyderville Basin, North Summit and South Summit recreation programs.

In the General Revenues, above, the District is funded primarily through property tax collections, vehicle taxes (fee in lieu), interest income through funds held at the State Treasurer's Pool, and miscellaneous reimbursements to the District.

The above Expenses are comprised of the District's four major departments with an additional category for interest on long-term debt.

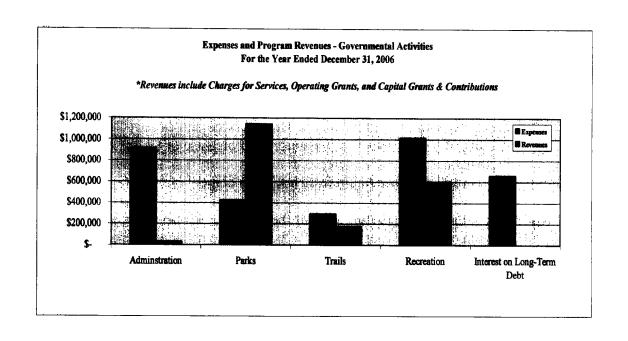
The Administration Department primarily holds expenditures for department head personnel, administrative support staff, all District employee benefits and other administrative overhead including such expenses as utilities, legal and other professional consulting fees, public relation/promotions, office supplies and office equipment.

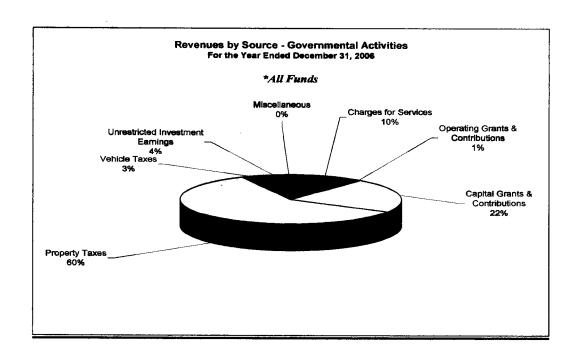
The Parks Department contains expenses that include year round hourly and seasonal wages for parks' crew, utilities for park operations, vehicle and equipment expense, fertilizers, chemicals and other departmental supplies.

The Trails Department holds expenses which include year round hourly and seasonal wages for trails' crew, professional and technical consultant fees (for design and engineering services and wetlands delineations), trail maintenance supplies such as weed management and other items for tread repair, and contract services.

The Recreation Department expenses reflect year-round full, part-time, and seasonal hourly wages, all Fieldhouse overhead expenditures, and supplies and uniforms for District-run sports programs and camps. In 2006, cost recovery for Recreation programs was 59.1%. The District recognizes that these youth sports programs are a subsidized governmental function.

The final expense category, Interest on Long-term Debt, reflects interest payments on General Obligation bonds issued by the District in 1996, 1997, 2002 and 2004.

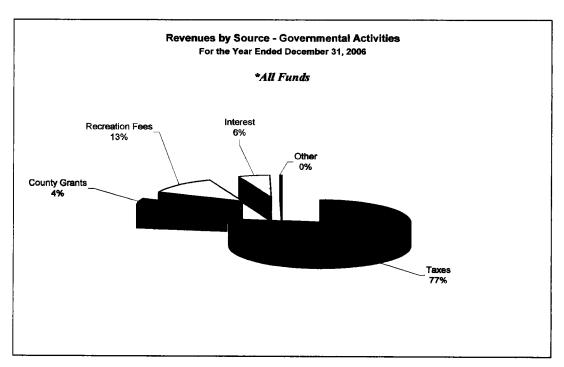




FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. As of December 31, 2006, the District's governmental funds (General, Capital Projects, Debt Service and Impact Fees) reported combined fund equity of \$7,118,600. This represents an increase of \$2,081,881 from the last year's ending balances due to the increase in total Property Tax Revenue, Recreation Program Revenue as well as higher return from interest income.

The General Fund is the chief operating fund of the District. All activities which are not required to be accounted for in separate funds either by state or local ordinance (such as the impact fee fund and the debt service fund) or capital funds designated for use by voter approved recreation bonds, are accounted for in this fund.



Taxes, including property taxes and vehicle taxes, continue to be the largest source of revenue in the governmental funds and represent 77.3% of total governmental fund revenues. The largest element of taxes since the District's inception has been property taxes including current year and prior year collections (redemption). The remaining sources of revenue in the governmental funds are county grants, recreation fees, interest income and other (rental and miscellaneous) revenues. These combined non-tax revenues result in the remaining 22.7% of total governmental fund revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

Recreation fees escalated in 2006 due to the second year of operation of the Fieldhouse as well as the higher participation in recreation programs and activities. Fieldhouse operating revenues totaled \$384,429 for 2006.

At year-end 2006, \$632,671 was transferred from O&M to the capital portion of the general fund. This transfer was initiated to fund trails projects and other capital related expenditures planned in 2007.

During the calendar year 2006, the general fund adopted budget was amended from an original budget expenditure of \$2,496,948 to a final budget of \$2,500,685. The 2006 operations budget was amended to reflect additional personnel costs anticipated with organizational re-structuring.

CAPITAL ASSET AND DEBT ADMINISTRATION

• Capital assets – The District's 2006 investment in capital assets amounts to \$20,229,793 (net of accumulated depreciation). The investment in capital assets includes land acquisition, buildings, trail and trailhead infrastructure improvements, park improvements, vehicles and equipment, etc.

Major capital asset events during the current capital year included the following:

- Completion in 2006 of the Hi-Ute Trail System (\$295,324 expended) and a trail section in the Burbidge development parcel was improved for \$6,192.
- Completion of improvements at Willow Creek Park amounted to \$8,439 in 2006.
- Equipment purchases totaling \$74,967 included a Truck (\$30,313), a Utility vehicle (\$6,391), and Mowers (\$38,264).
- Receipt and expenditure of \$28,941 of restaurant tax grant funds earmarked for a Terra Trak trail groomer.

DISTRICT CAPITAL ASSETS				
	De	c. 31, 2006	D	ec. 31, 2005
Land	\$	6,907,955	\$	6,907,955
Buildings		7,186,669		7,186,669
Parks		4,147,222		4,139,910
Trails		3,945,004		3,603,890
Vehicles and Equipment		538,427		434,518
Subtotal	· · · · · · · · · · · · · · · · · · ·	22,725,277		22,272,942
Less: Accumulated Depreciation		(2,495,484)		(1,967,357)
Capital Assets (Net of Depreciation)	\$	20,229,793	\$	20,305,585

Additional information on the District's capital assets may be found in the footnotes to this financial report.

Long-term Debt – At year-end December 31, 2006, the District had total bonded debt outstanding of \$14,555,000. The full amount of this debt is general obligation debt and is backed by the full faith and credit of the District. These general obligation bonds were issued for specified capital projects. The District's debt fund, which is serviced by ad valorem taxes to be levied without limitation as to rate or amount on all taxable property in the District, will provide all funding for the bonds' principal and interest repayment. The general obligation debt outstanding is reduced by two deferred amounts. The first is deferred bond issue costs of \$96,392. The second is the deferred amount on refunding of \$386,371. Thus, the net general obligation debt outstanding was \$14,072,237. In addition to the general obligation debt, the District has long-term debt, in the form of compensated absences, in the amount of \$48,197. The combination of bonded debt outstanding and compensated absences results in \$14,120,434 of total long-term debt at year-end.

DISTRICT LONG-TERM DEB	T			
		Governmen	tal Act iv	vities
	<u>D</u>	ec. 31, 2006	<u>D</u>	ec. 31, 2005
Net General Obligation Bonds	\$	14,072,237	\$	14,649,385
Compensated Absences		48,197		41,381
Total Long-term Debt	\$	14,120,434	-\$	14,690,766

Additional information on the outstanding debt obligations of the District may be found in the footnotes to this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

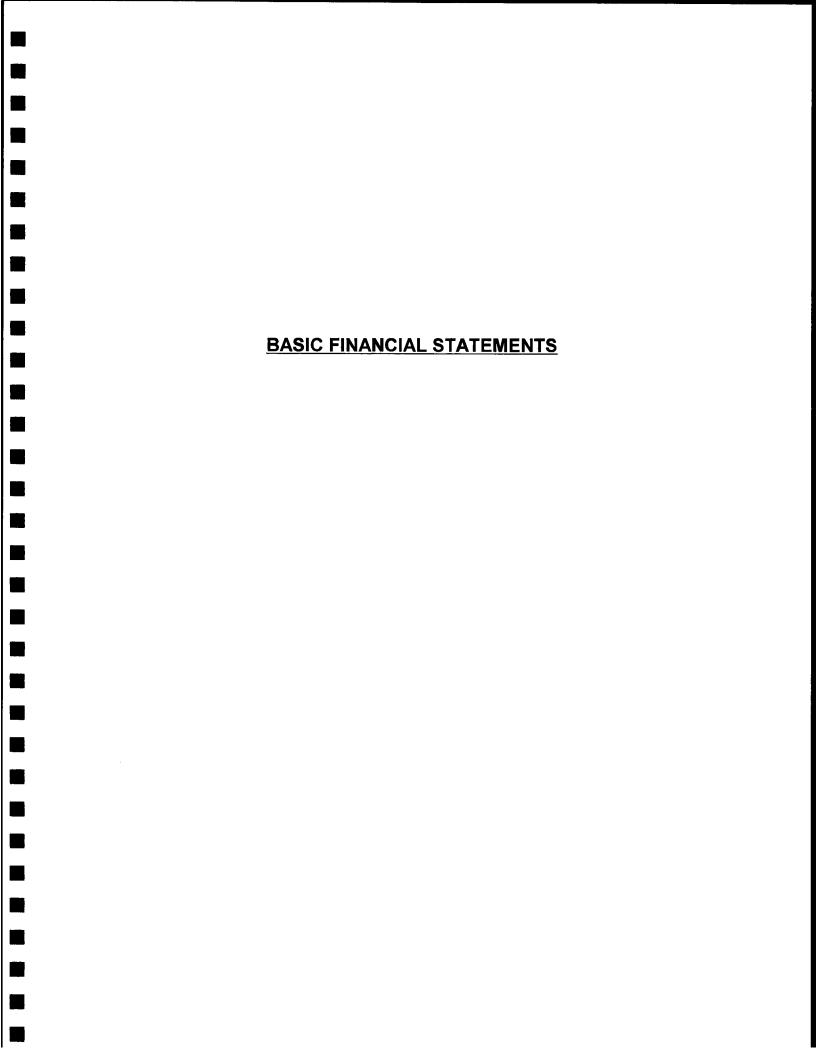
• Land values in the Snyderville Basin have continued to see dramatic increases in 2006, and permit authorized construction remains very strong. In August, the Summit County Assessors Office reported a large spike in property values in the district which resulted in an unanticipated surplus in the District's annual property tax collections. High-end residential real estate product also continues to be built and sold. The Promontory Development is seeing lots sold in 2006 ranging from \$400,000 to in excess of \$1,000,000. In the Canyons lower village, several high-end condominium projects saw construction starts in 2006 with strong pre-sales, to be completed in 2007. The first phase of a new development called The Preserve, near the successful Glenwild golf community, experienced 2006 vacant lot sales in the \$600,000 - \$1,000,000 plus range. Lot prices in another new residential subdivision called The Wood's at Parley's Lane are set at the \$700,000 mark. All of these projects contribute to a sizable tax base of mixed primary and secondary residences.

- The commercial tax base continues to build in Snyderville Basin with commercial development activity in 2006 centered in Quarry Village at Pinebrook and the Newpark Town Center.
- On April 19, 2006, the Summit County Board of County Commissioners enacted Ordinance No. 328A amending the District's rules and regulations which require the payment of recreation facilities impact fees in order to comply with an amended Capital Facilities Plan of the District. Since 1998, the fee has been assessed on only residential development for the purpose of community park system improvements. The new fee applies to both residential and commercial development, and adds a trails component to the fee structure.
- General fund budgeted revenues for the year 2007 are estimated to increase from \$2,760,720 to \$2,900,235 an increase of \$139,515 (5%) over the prior year. General fund tax revenues are budgeted to be \$2,131,935 in 2007 (compared to \$1,974,916 in 2006) as the District imposed its 2006 authorized Operation and Maintenance tax levy of .000502. Revenues from rental income including the Fieldhouse are projected to continue to increase. Although 2007 revenues are projected to increase, general fund expenses are budgeted to increase \$434,405 (17.4%) in 2007. Primary conditions causing this increase are operational and maintenance costs of the Basin Recreation Fieldhouse, the addition of Willow Creek Park and the required corresponding addition of personnel. Transfers to the Capital Fund in 2007 will be determined as a part of an amended budget at year-end.
- In 2006, results of an organizational study were reported by the human resource consultant hired by the Board. The study was prompted by tremendous growth in the District over the previous decade, and the need to plan for future growth and improved management of District operations. It was acknowledged that the District Administrator's job had become too broad over the years. The Administrator assumed a different role in the organization and assisted the Board in the selection of a District Director. This action resulted in the unanticipated addition of a full time employee for the District in September of 2006, including the cost of salary and benefits.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to:

Business Manager, Snyderville Basin Special Recreation District, P.O. Box 980127, Park City, Utah 84098.



STATEMENT OF NET ASSETS DECEMBER 31, 2006

	Governmental Activities
<u>ASSETS</u>	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 2,077,771
Accounts Receivable	575,671
TOTAL CURRENT ASSETS	2,653,442
NONCURRENT ASSETS	
Restricted Assets	
Cash and Cash Equivalents	4,791,347
Capital Assets	
Non Depreciable	6,9 07,9 55
Depreciable Assets (net of Depreciation)	<u>13,321,838</u>
TOTAL NONCURRENT ASSETS	25,021,140
TOTAL ASSETS	27,674,582
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable and Accrued Expenses	110,694
Deferred Revenues	12,916
TOTAL CURRENT LIABILITIES	123,610
NONCURRENT LIABILITIES	
Due Within One Year	655,493
Due in more than One Year	13,464,941
TOTAL NONCURRENT LIABILITIES	14,120,434
TOTAL LIABILITIES	14,244,044
NET ASSETS	
Investment in Capital Assets,	
Net of Related Debt	5,674,793
Restricted for	., - .,
Capital Improvements	2,195,015
Debt Service	2,227,718
Unrestricted	3,333,012
TOTAL NET ASSETS	\$ 13,430,538

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2006

						gram Reven	ue		an	t (Expense) Revenue d Changes
	F	Expenses		arges for	G	Operating Frants and		Capital Grants and ontributions	Go	Net Assets evernmental Activities
FUNCTIONS/PROGRAMS		-xponoco		CITICES		in ibadons		Jiitibuuons		Activities
Governmental Activities										
Administration	\$	912,619	\$	2,609	\$	30,000	\$	_	\$	(880,010)
Parks		424,811	•	14,060	•	•	•	1,127,271	۳	716,520
Trails		294,349		· •		•		176,788		(117,561)
Recreation		1,012,109		598,619		-		-		(413,490)
Interest on Long-Term Debt	_	654,932	_	<u>.</u>	_		_		_	(654,932)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$</u>	3,298,820	<u>\$</u>	615,288	\$	30,000	<u>\$</u>	1,304,059		(1,349,473)
			Ge	neral Rev	/enı	Jes				
			P	roperty T	axe	S				3,534,047
			V	ehicle Ta	xes					163,041
			U	nrestricte	ed Ir	nvestment E	arı	nings		261,142
			M	iscellane	ous	•				10,156
•				Total Ge	nera	al Revenues				3,968,386
			Ch	ange in N	let /	Assets				2,618,913
			Ne	t Assets	- Be	ginning			_	10,811,625
			Ne	t Assets ·	- En	ding			\$	13,430,538

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2006

ACCETO	General	Debt Service	Impact Fees	Capital Projects	Total Governmental Funds
ASSETS Cash and Cash Equivalents Property Taxes Receivable Restricted Cash	\$ 2,077,771 440,550	\$ - 135,121 1,508,651	\$ - - 2,195,015	\$ - 1,087,681	\$ 2,077,771 575,671 4,791,347
TOTAL ASSETS	\$ 2,518,321	\$ 1,643,772	\$ 2,195,015	\$ 1,087,681	\$ 7,444,789
LIABILITIES AND FUND EQUITY LIABILITIES Accounts Payable	\$ 9,530	\$ -	\$ -	\$ 74,555	\$ 84,085
Compensated Absences Deferred Revenue	25,493 216,611				25,493 216,611
TOTAL LIABILITIES	251,634			74,555	326,189
FUND BALANCE Reserved Road Boguirements		4 642 770		20 700	4 000 100
Bond Requirements Impact Fees Designated	-	1,643,772 -	2,195,015	32,703	1,676,475 2,195,015
Equipment Replacement Unreserved	2,266,687			300,000 680,423	300,000 2,947,110
TOTAL FUND EQUITY TOTAL LIABILITIES	2,266,687	1,643,772	2,195,015	1,013,126	7,118,600
AND FUND EQUITY	\$ 2,518,321	\$ 1,643,772	\$ 2,195,015	\$ 1,087,681	\$ 7,444,789

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS **DECEMBER 31, 2006**

TOTAL GOVERNMENTAL FUNDS BALANCES	\$	7,118,600
Amounts reported for governmental activities in the statement of net assets are different because		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		20,229,793
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		203,695
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	_	(14,121,550)
TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	13,430,538

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2006

	General	Debt Service	Impact Fees	Capital Projects	Total Governmental Funds
REVENUES					
Taxes	\$ 2,269,319	\$ 1,393,300	\$ -	\$ -	\$ 3,662,619
County Grants	94,539		•	92,249	186,788
Recreation Fees	528,219	-	-	•	528,219
Rental Income	87,069	-	-	-	87,069
Interest	88,591	70,342	71,4 91	30,718	261,142
Miscellaneous	10,156		•		10,156
TOTAL REVENUES	3,077,893	1,463,642	71,491	122,967	4,735,993
EXPENDITURES					
Administration	908 ,968	-	-	-	908,968
Parks	272,199	-	-	-	272,199
Trails	174,669		-	-	174,669
Recreation	758 ,780	-	-	-	758,780
Debt Service					
Principal	-	605,000	-	-	605,000
Interest and Finance Charges	-	629,595	-	-	629,595
Capital Outlay			8,439	443,733	452,172
TOTAL EXPENDITURES	2,114,616	1,234,595	8,439	443,733	3,801,383
EXCESS (DEFICIT) OF					
REVENUES OVER					
EXPENDITURES	963,277	229,047	63,052	(320,766)	934,610
OTHER FINANCING SOURCES (USES)					
Impact Fees	-	-	1,127,271	-	1,127,271
Developer Contribution	-	-	-	20,000	20,000
Transfers from Other Funds		-	-	63 2,67 1	632,671
Transfers to Other Funds	(632,671)				(632,671)
EXCESS (DEFICIT) OF REVENUES AND OTHER FINANCING SOURCES					
OVER EXPENDITURES AND USES	330,606	229,047	1,190,323	331,905	2,081,881
BEGINNING FUND BALANCE	1,936,081	1,414,725	1,004,692	681,221	5,036,719
ENDING FUND BALANCE	\$ 2,266,687	\$ 1,643,772	<u>\$ 2,195,015</u>	\$ 1,013,126	\$ 7,118,600

RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

EXCESS (DEFICIT) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND USES - TOTAL GOVERNMENTAL FUNDS	\$ 2,081,881
Amounts reported for governmental activities in the statement of activites are different because	
Charged but unpaid property taxes will not be collected for several months after the District's year end. They are not considered to be available revenues in the governmental funds. Deferred property tax revenues increased by this amount this year.	34,469
Governmental funds report capital outlays as expenditures. In the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(75,792)
Issuance of long-term debt provides current financial resources to governmental funds. The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This amount is the net difference in the treatment of long-term debt and related items.	577,148
Some revenues and expenses reported in the statement of activities do not add to or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.	1,207

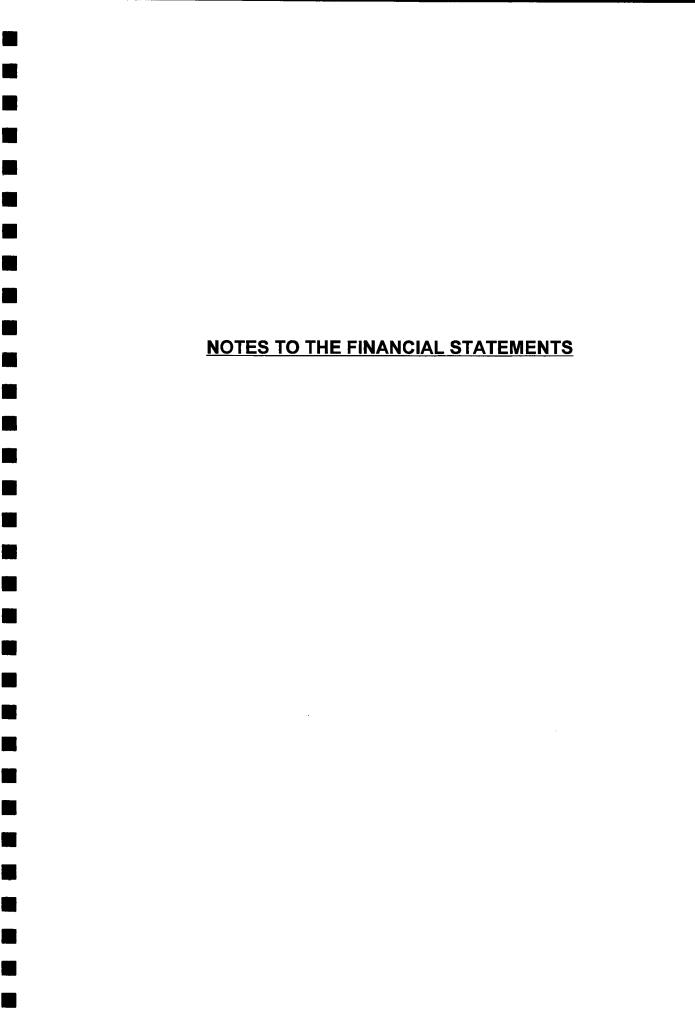
CHANGE IN NET ASSETS OF GOVERNMENTAL FUNDS

\$ 2,618,913

BUDGETARY COMPARISON SCHEDULE GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2006

	Budgeted	Amounts		Variance
			Actual	with Final
	Original	Final	Amounts	Budget
REVENUES				
Taxes	\$ 1,838,355	\$ 1,974,916	\$ 2,269,319	\$ 294,403
County Grants	30,000	94,539	94,539	
Recreation Fees	483,500	516,580	528,219	11,639
Rental Income	92,170	91,340	87,069	(4,271)
Interest	30,600	74,000	88,591	14,591
Miscellaneous	9,100	9,345	10,156	811
TOTAL REVENUES	2,483,725	2,760,720	3,077,893	317,173
EXPENDITURES .				
Administration	1,023,099	1,065,813	908,968	156,845
Parks	371,171	308,902	272,199	36,703
Trails	267,623	267,623	174,669	92,954
Recreation	835,055	8 58 ,347	758,780	99,567
TOTAL EXPENDITURES	2,496,948	2,500,685	2,114,616	386,069
		-		
EXCESS (DEFICIT) OF				
REVENUES OVER				
EXPENDITURES	(13,223)	260,035	963,277	703,242
	(,,	,	,	,
OTHER FINANCING SOURCES (USES)				
Transfers to Other Funds		(632,671)	(632,671)	
EXCESS (DEFICIT) OF REVENUES				
AND OTHER FINANCING SOURCES				
OVER EXPENDITURES AND USES	(13,223)	(372,636)	330,606	703,242
FUND BALANCE ALLOCATION	13,223	372,636		(372,636)
EXCESS (DEFICIT) OF RESOURCES				
OVER CHARGES TO				
APPROPRIATIONS	<u> </u>	<u> </u>	\$ 330,606	<u>\$ 330,606</u>



A COMPONENT UNIT OF SUMMIT COUNTY, UTAH NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Snyderville Basin Special Recreation District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of the District's accounting policies.

Reporting Entity

The Snyderville Basin Special Recreation District was established on July 1, 1986 by Summit County, Utah as a governmental service district under Title 11, Chapter 23 of the Utah Code Annotated, 1953, as amended. The District was established to provide recreation for the Snyderville Basin area of Summit County. Operations commenced on January 1, 1995.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units.

Government-wide and Fund Financial Statements

The government-wide financial statements (statement of net assets and statement of activities) report information on all of the non-fiduciary activities of the District. Governmental activities are supported by taxes, charges for services, contributions and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include 1) charges to customers who directly benefit from goods or services provided by a given function or activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Interest and other items not properly included among program revenues are reported as general revenues.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Financial resources used to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the District are reported as a reduction of the related liability, rather than as an expenditure in the government-wide financial statements.

NOTE 1 - (CONTINUED)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter (within sixty days) to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Earned but unreimbursed state and federal grants associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when the District receives cash.

The District reports the following major governmental funds:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The debt service fund is used to account for the accumulation of resources for the payment of principal, interest and related costs on certain general long-term debt paid primarily from taxes levied by the District. The fund balance of the Debt Service Fund is reserved to signify the amounts that are restricted exclusively for debt service expenditures.

The capital projects fund is used to account for the acquisition or construction of major capital facilities of the District. Both the Impact Fee Fund and the Capital Projects Fund are capital projects funds.

Assets, Liabilities and Fund Equity

A. Cash and cash equivalents

Cash includes cash on hand, demand deposits with banks and other financial institutions, and deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts. The District's investment policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the Utah Public Treasurer's Investment Fund (Fund) and other investments allowed by the State of Utah's Money Management Act. Investments are reported at fair value. The Fund operates in accordance with state laws and regulations. The reported value of the District's cash in the Fund is the same as the fair value of the Fund shares.

Cash equivalents are defined as short-term highly liquid investments that are both readily convertible to known amounts of cash and so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with maturities of three months or less, when purchased, meet this definition.

NOTE 1 - (CONTINUED)

B. Restricted assets

Cash which is restricted to a particular use due to statutory, budgetary or bonding requirements is classified as "restricted cash" on the statement of net assets and on the balance sheets. Restricted cash would be spent first and then unrestricted resources would be used when the restricted funds are depleted.

C. Capital assets

Capital assets, which include land, buildings, parks, trails, vehicles and equipment are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost, if purchased, and at fair market value at the date of the gift, if donated.

Major additions are capitalized, while maintenance and repairs which do not improve or extend the life of the respective assets, are charged to expense.

Capital asset depreciation is recognized using the straight-line method over the estimated useful lives as follows:

<u>Classification</u>	Range of Lives
Buildings	10-40 years
Parks	8-40 years
Trails	15-30 years
Vehicles and Equipment	7-10 years

D. Compensated absences

Accumulated unpaid vacation is accrued as incurred based on the years of service for each employee. Vacation is accumulated on a monthly basis and is fully vested when earned. Employees may carry 40 hours of vacation over to the next year. At retirement, death, or termination, all unpaid accrued vacation is paid to the beneficiary. Governmental funds report an expenditure as the vacation is paid or at termination. Accumulated sick leave is earned at a rate of one half day per month. Sick pay amounts are charged to expenditures when incurred. Employees may accumulate up to 90 days of sick leave. Employees who retire are paid 100% of accumulated sick leave at retirement.

E. Long-term liabilities

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are recorded net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and are amortized over the life of the related debt. In the fund financial statements, governmental fund types recognize bond premium and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 1 - (CONTINUED)

F. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Designations of unreserved fund balances are not required by law or accounting principles, but are further classifications of fund equity to identify funds which are earmarked by the District's management for specific purposes. These represent tentative management plans that are subject to change.

G. Net assets

Net assets represents the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Inter-Fund Transactions

During the course of normal operations, the District has transactions between funds to subsidize operations in certain funds, to allocate administrative costs, to construct assets, to distribute grant proceeds, etc.. These transactions are generally reflected as operating transfers, which are transfers from a fund authorized to receive certain revenues to the fund through which the resources are to be expended.

Deferred Revenue

Property taxes due and unpaid as of December 31, 2006 as well as prepaid recreation fees are shown as deferred revenue.

Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

<u>Explanation of certain differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets</u>

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net assets of governmental activities in the government-wide statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

NOTE 2 - (CONTINUED)

Capital Asset Differences

When capital assets (land and improvements) are purchased or constructed for use in governmental fund activities, the costs of those assets are reported as expenditures in the governmental funds. However, those costs are reported as capital assets in the statement of net assets. The details of these differences are presented below:

Land	\$	6,907,955
Buildings		7,186,669
Parks		4,147,222
Trails		3,945,004
Vehicles and Equipment		538,427
Less Accumulated Depreciation	_	(2,495,484)
Net Capital Asset Difference	\$_	20,229,793

Other Long-Term Differences

Property taxes charged but unpaid at year end are reported as deferred revenues in the governmental fund balance sheet. However, they are reported as current year revenues in the statement of net assets. The details of these differences are presented below:

Charged property taxes unpaid as of	
December 31, 2006	\$ 203,695

Long-Term Liability Differences

Long-Term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund balance sheet. All liabilities (both current and long-term) are reported in the statement of net assets. The details of these differences are presented below:

Deferred Bond Issue Costs	\$ 96,392
Deferred Amount on Refunding	386,371
Accrued Interest Payable	(26,609)
General Obligation Bonds Payable	(14,555,000)
Long-Term Compensated Absences	(22,704)
	\$ <u>(14,121,550</u>)

Explanation of certain differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund financial statements include a reconciliation between changes in fund balances in the governmental funds and changes in net assets in the government-wide statement of activities. This difference primarily results from the long-term economic focus of the statement of activities versus the current financial resource focus of the governmental fund financial statements.

NOTE 2 - (CONTINUED)

Capital Outlay and Depreciation Differences

Capital outlays are reported as expenditures in the statement of revenues, expenditures and changes in fund balances. They are reported as capital assets, with the costs allocated over the useful lives of the assets, as depreciation, in the statement of activities. The details of these differences are reported below:

Capital Outlay	\$ 452,335
Depreciation Expense	<u>(528,127</u>)
Net Difference	\$(75,792)

Long-Term Debt Issuance and Repayment Differences

When long-term debt is issued it is reported as an other financing source. Repayments are reported as expenditures in the statement of revenues, expenditures and changes in fund balance. Issuance of debt is reported as long-term liability and repayments are reported as reductions to those liabilities in the statement of activities. The details of these differences are reported below:

Amortization of Issue Costs and		
Deferred Amount on Refunding	\$	(27,852)
General Obligation Bond Repayments	_	605,000
Net Difference	\$_	557,148

Other Revenue and Expense Differences

The changes in long-term compensated absences and in accrued interest payable are not reported in the statement of revenues, expenditures and changes in fund balance. Both changes are reported in the statement of activities. The details of these differences are reported below:

Change in Long-Term Compensated Absences	\$ (1,308)
Change in Accrued Interest Payable	 2,515
Net Difference	\$ 1,207

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Budgetary procedures for the District have been established by Utah State Statute in the Fiscal Procedures Act for Utah Counties, (the Act). The Act requires counties and special districts formed by counties to adopt annual budgets. The basis of accounting applied to each fund budget is the same basis as the related fund's financial statements. In accordance with State law, all appropriations lapse at the end of the budget year, accordingly, no encumbrances are recorded. At its option the District may permit its expenditure accounts to remain open for a period of 30 days after the close of its fiscal year for the payment of approved invoices for goods received or services rendered prior to the close of the fiscal year. The District prepares a budget for the general fund.

Under Utah State law, the District's budget establishes maximum legal authorization for expenditures during the fiscal year. Expenditures are not to exceed the budgeted amounts, including revisions, except as allowed by the code for certain events. A public hearing must be held to increase the total appropriations the governmental fund.

NOTE 3 - (CONTINUED)

Tax Revenues

Property taxes are collected by the County Treasurer and remitted to the District in two to three installments in November, December and a final settlement in the first quarter of the calendar year. Taxes are levied and are due and payable on November 1st and are delinquent after November 30th of each year, at which time they become liens if not paid.

NOTE 4 - CASH AND INVESTMENTS

The District maintains a deposit and investment pool. Cash includes amounts in demand deposits as well as time deposits. Investments are stated at cost or amortized cost, which approximates fair value. Deposits are not collateralized nor are they required to be by State statute.

Deposits and investments for District governments are governed by the Utah Money Management Act (*Utah Code Annotated*, Title 51, Chapter 7) (The Act) and by rules of the Utah Money Management Council (the Council). Following are discussions of the District's exposure to various risks related to its cash management activities.

Custodial Credit Risk

Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be recovered. The District's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the District to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of December 31, 2006, \$4,892 of the District's bank balances of \$104,892 were uninsured and uncollateralized.

Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The District's policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first-tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poors; bankers acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations as defined in the Act.

The District is authorized to invest in the Utah Public Treasurer's Investment Fund(PTIF), an external pooled investment fund managed by the Utah State Treasurer and subjected to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

NOTE 4 - (CONTINUED)

As of December 31, 2006, the District had the following investments and maturities:

		Investment Maturities (in Years)				
Investment Type U. S. Treasuries	Fair <u>Value</u> \$ 32,711	Less <u>than 1</u> \$ 32,711	<u>1-5</u>	<u>6-10</u> \$ -	More <u>than 10</u> \$ -	
State of Utah Public Treasu Investment Fund	rer's <u>6,815,727</u>	6,815,727				
Total	\$ 6,848,438	\$ <u>6,848,438</u>	\$	\$ <u>-</u>	\$ <u> </u>	

The deposits and investments described above are included on the statement of net assets as per the following reconciliation:

Deposits Cash on Hand Investments	\$ 20,245 435 <u>6,848,438</u>
Total	\$ <u>6,869,118</u>
Cash and Cash Equivalents Restricted Cash and Cash Equivalents	\$ 2,077,771 <u>4,791,347</u>
Total	\$ <u>6,869,118</u>

NOTE 5 - ACCOUNTS RECEIVABLE

Property taxes were levied on January 1 of 2006, and were due in November of 2006. The property taxes that have been remitted to the District within 60 days of the end of the current fiscal period have been recognized as revenue. The uncollected, measurable amounts have been accrued as deferred revenue. All other items are considered to be measurable and available only when cash is received by the District.

Property taxes of \$541,903 were receivable at December 31, 2006. Of that amount \$338,208 was collected by Summit County and remitted to the District within 60 days of year end. The remaining balance of \$203,695 was charged but unpaid as of December 31, 2006. An additional \$33,768 was receivable for recreation fees at December 31, 2006.

NOTE 6 - CAPITAL ASSETS

The following schedule presents the capital activity of the governmental activities for the year ended December 31, 2006.

Capital Assets not	Beginning Balance Increases		<u>Decreases</u>	Ending <u>Balance</u>	
being Depreciated Land	\$ 6,907,955	\$ -	\$ -	\$ 6,907,955	
Capital Assets being Depreciated					
Buildings	7,186,669	-	-	7,186,669	
Parks	4,139,910	7,312	-	4,147,222	
Trails	3,603,890	341,114	-	3,945,004	
Vehicles and Equipment	434,518	103,909	-	538,427	
Less Accumulated					
Depreciation	<u>(1,967,357</u>)	(528,127)		<u>(2,495,484</u>)	
Capital Assets, Net	\$ <u>20,305,585</u>	\$ <u>(75,792</u>)	\$ <u></u>	\$ <u>20,229,793</u>	

Depreciation was charged to the functions/programs of the District as follows:

Administration	\$	2,343
Parks		152,612
Trails		119,843
Recreation	-	253,329
Total Depreciation Expense	\$_	528,127

NOTE 7 - LONG-TERM DEBT

The following is a summary of changes in long-term debt of the District at December 31, 2006:

		Beginning Balance	<u>Add</u>	<u>itions</u>	R	eductions	Ending Balance	Due Within One Year
General Obligation Bonds								
1996 Series	\$	250,000	\$	-	\$	(250,000)	\$ -	\$ -
1997 Series		255,000		-		(125,000)	130,000	130,000
2002 Series		5,425,000		-		(65,000)	5,360,000	65,000
2004 Series		9,230,000		-		(165,000)	9,065,000	435,000
Deferred Bond Issue Costs		(101,953)				` 5,561 [′]	(96,392)	•
Deferred Amount on Refunding		(408,662)		-		22,291	(386,371)	-
Compensated Absences	-	<u>41,381</u>	_	6,816	-	<u>-</u>	<u>48,197</u> ′	<u>25,493</u>
	\$ <u>'</u>	14,690,766	\$_	<u>6,816</u>	\$_	<u>(577,148</u>)	\$ <u>14,120,434</u>	\$ <u>655,493</u>

NOTE 7 - (CONTINUED)

Long-term debt and obligations payable at December 31, 2006 were as follows:

	Interest Rate	Maturity Dates	Current Portion	Long-term Balance
General Obligation Bonds, Dated October 15, 1997, (original amount \$2,500,000)	4.70% to 6.50%	2016	\$ 130,000	\$ -
General Obligation Bonds, Dated January 15, 2002 (original amount \$6,500,000)	4.20% to 4.80%	2021	65,000	5,295,000
General Obligation Recreation and Refunding Bonds, Dated May 5, 2004 (original amount \$9,400,000)	2.00% to 5.00%	2023	435,000	8,630,000
Deferred Bond Issue Costs			-	(96,392)
Deferred Amount on Refunding			-	(386,371)
Compensated Absences			25,493	22,704
Total Long-term Debt			\$ <u>655,493</u>	\$ <u>13,464,941</u>

Principal and interest requirements to retire the District's long-term obligations are as follows:

Years	Principal	Interest
2007	\$ 630,000	\$ 346,785
2008	650,000	338,085
2009	670,000	320,685
2010	690,000	302,835
2011	710,000	284,078
2012-2015	3,975,000	1,065,287
2016-2020	4,920,000	640,775
2021-2023	2,310,000	<u>161,155</u>
Totals	\$ 14,555,000	\$ 3,459,685

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. On December 31, 2006, \$1,510,000 of bonds outstanding are considered defeased.

NOTE 8 - OPERATING TRANSFER RECONCILIATION

During 2006, the District transferred money from the general fund to the capital projects fund for planned future projects.

General Fund
Capital Projects Fund

<u>|In</u>

Out \$ 632.671

\$ 632,671

NOTE 9 - INTERLOCAL AGREEMENT WITH PARK CITY SCHOOL DISTRICT

The District leases 18.43 acres of land at Ecker Hill Middle School from the Park City School District (PCSD). The lease is for thirty years, with a twenty year option to renew at a cost of \$1 per year. The lease arrangements are set forth in an interlocal agreement between the two agencies, dated 1996. The interlocal agreement calls for the District to provide to PCSD a capital contribution of \$1,327,000 for field development, community pool enhancements and additional parking space. The District has provided all required capital contributions. Additionally, the district has constructed field support buildings on site, which include park equipment storage and restrooms valued at an additional \$596,731. The total capital contributions to PCSD as of December 31, 2003 amounted to \$1,923,731. These capital expenditures are shown as an asset of the PCSD and are not included in the District's financial statements.

The District and PCSD are in the process of broadening the 1996 Interlocal Agreement to memorialize joint use of other facilities through interlocal cooperation. In 2001, the District paid PCSD for the purpose of field improvements at Trailside Elementary School. The District will program the elementary school fields during after-school hours for Recreation District programs. PCSD also accommodates Recreation District gymnasium use for youth basketball programs and youth camps.

NOTE 10-INTERLOCAL AGREEMENT WITH PARK CITY TO CONSTRUCT REGIONAL ICE FACILITY

The District and Park City Municipal Corporation (Parties) entered into an interlocal cooperative agreement (Agreement) to construct a regional ice facility in August, 2004. In the Agreement, the Parties recognized the value in combining financial resources to jointly construct, maintain, and operate the ice facility. The Parties also recognized the challenges of having multiple parties involved in the construction and operation of the facility. Given the nature of a larger proposed City-owned recreation complex, of which the ice rink is just one component, the Parties agreed that the City shall solely own the facility (to be located on City-owned land near the State Route 248/Highway 40 interchange at Quinns's Junction). Also, no title or interest in the City-owned real property upon which the Ice Facility will be located shall transfer or otherwise vest in the District as a result of this Agreement. Each Party agreed to fund \$2,000,000 toward the design, planning, construction and initial outfitting of the rink, and this payment by the District was made in March 2005. The District will budget for and contribute a minimum of \$50,000 per fiscal year toward operational costs of the facility in the first two years. It is also understood by the Parties that the District intends to generate contributions through RAP tax grant applications by the District. In the event that RAP tax proceeds exceed \$50,000 in the first two years of operation, the District will commit an additional 50% of any RAP receipts in excess of the \$50,000 minimum. In 2006, a RAP tax grant in the amount of \$64,539 was received by the District and paid to Park City per the agreement. In subsequent years, the District's contribution will not be more or less than \$50,000 per year even with fluctuations in the Ice Facility budget, unless the agreement is amended. It is also understood by the Parties that should RAP tax grants be unavailable to the District, then the District will contribute their minimum \$50,000 annual payment through other funding mechanisms. The first payment was made in December 2005. Future payments will be due not later than December 15, in subsequent years. Substantial completion of the Park City Ice Arena occurred in February 2006 and the rink, operated by Park City, opened for business.

NOTE 11 - RISK MANAGEMENT

Snyderville Basin Special Recreation District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The District is a member of the Utah Local Governments Trust (ULGT), a public entity risk pool currently operating as a common risk management and insurance program for Utah State governments. The District pays an annual premium to ULGT for its general insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

NOTE 12 - SUBSEQUENT EVENTS

Open Space Acquisition

On November 2, 2004 the District held a bond election submitting to the qualified electors of the District the question of the issuance of \$10 million general obligation bonds to finance costs of acquisition of recreational open space property, construction of trails and related improvements. The electors voted to approve issuance of the bonds to acquire open space. The Basin Open Space Advisory (BOSAC) continues to meet in regularly scheduled, publicly noticed meetings to consider potential property acquisitions. This group is tasked with making open space purchase recommendations to the Board of County Commissioners. Working with the District's financial advisor, the BOSAC committee has taken the position not to issue bonds until properties for acquisition have been assembled.

Contributions to Regional Ice Facility

Substantial completion of the Park City Ice Arena occurred in February 2006 and the rink, operated by Park City, opened for business.

The 2006 budget adopted in December 2005 reflected a \$50,000 transfer to Park City Municipal Corporation. These funds are set aside annually, as described in Note 11, above. The anticipated outlay of funds by the District was reflected in the 2006 adopted budget as a fund transfer rather than an operations and maintenance fund expenditure. Although the District received a letter of substantial compliance from the Sate Auditor's Office, it was suggested that the \$50,000 outlay be shown as an operational expenditure rather than a transfer of funds. This direction has been implemented and the \$50,000 annual expenditure is now held in "Account 4999 – Ice Fund."

The District submitted a Recreation, Arts and Parks grant request in February 2006, for assistance with the operational subsidy and other rink improvements. This grant was funded in the amount of \$105,276. Summit County will distribute the grant monies to the Recreation District. Funds will be transferred from the District to Park City. This will necessitate a 2006 budget amendment in Operating and Maintenance revenue account 3191, and Administration expense account #4999. Due to the award of this grant, the District will realize a \$50,000 savings in budgeted expenditures.

Other Grants

The District was successful in several other 2006 RAP grant applications, as detailed below. RAP funds are to be expended within a period of 18 months.

Hi-Ute Kilby Road Trail project	\$38,308
Softball Bleacher Shade Shelters at Ecker Hill	\$25,000
Rail Trail Paving Improvements in partnership	
with Mountain Trails Foundation	\$74,555

NOTE 12 - (CONTINUED)

The Hi-Ute Kilby Road Trail project was completed in 2006.

The Softball Bleach Shade Shelter improvements at Ecker Hill will be managed by the District's Parks Department but will become an asset of the Park City School District, per an Interlocal Agreement.

In 2007, the District applied for a \$75,000 restaurant Tax Grant to construct a portion of the Millennium Trail in the area of the Community Church (Sun Peak). Grant awards are expected to be announced in late June 2007.

Rail Trail Paving Improvements have been set forth in a "Memorandum of Understanding (MOU) For Rail Trail RAP Grant Fund Management" between the District, Mountain Trails Foundation, and Summit County. The purpose of this MOU is to clarify the planning, design, bid process, project oversight and the request and release of funds to pave the .8-mile section of trail from the Rail Trail crossing at the county dump road east to the point where the Rail Trail and State Route 248 intersect, for which RAP grant funding was received. This project is not expected to be constructed until 2007.

Revisions to Impact Fee Ordinance

On April 19, 2006, the Summit County Board of County Commissioners enacted Ordinance No. 328A amending the District's rules and regulations which require the payment of recreation facilities impact fees in order to comply with an amended Capital Facilities Plan of the District. Since 1998, the fee has been assessed on only residential development for the purpose of community park system improvements. The new fee will apply to both residential and commercial development, and will add a trails component to the fee structure.

Student Service Project

A student at the Treasure Mountain International Middle School successfully completed a 2006 community service project, which provides funding of a Sports Scholarship Program through Basin Recreation. The District currently has \$12,566 of deferred revenue from donations to this program. Proceeds of the service project are anticipated to be in excess of \$50,000 over a five year period. This project prompted outreach efforts in 2007 with an emphasis on providing recreation programs to economically disadvantaged youth. The District Board will evaluate the successful outreach program in the context of 2007 budget amendments to increase funding for scholarships.

Escrow Held by Summit County

The remaining portion of an escrow account held by Summit County to provide for the guarantee and warranty of infrastructure improvements related to the Fieldhouse are anticipated to be released in 2007. In 2003, \$193,360 was transferred to Summit County; \$96,680 was repaid in 2004. The remainder, plus interest, is expected to be returned to the District at the end of the warranty period which was extended until establishment of landscape is found to be substantially complete by Summit County planning staff. The balance of this account at December 31, 2006 was \$110,817.

Compensated Absences

On March 21, 2007, the District Board amended personnel policies on sick leave, thereby reducing the long-term liability of the District, as follows: Employees who have accrued sick leave prior to April 1, 2007 will be paid for those hours accrued and recorded on the books as of April 1, 2007 when leaving the employment of the District. Effective April 1, 2007 employees will not be paid for any unused sick leave accrued after April 1, 2007 when leaving the employment of the District.

NOTE 12 - (CONTINUED)

Retirement Program

On March 21, 2007, the District Board approved an increase in the District's contribution toward the 401(a) retirement plan to 11.59% of each qualified employee's annual salary for full time personnel and one-half of this percentage based on hourly salary for regular part-time benefited personnel, effective April 1, 2007. The retirement plan is to be reviewed annually by the Personnel Committee to ensure adequate funding.

	SUPPLEMENTARY INFORMATION
	SOFF LEMENTARY INTORMATION
-	
=	

SNYDERVILLE BASIN SPECIAL RECREATION DISTRICT

SCHEDULE OF IMPACT FEES
FOR THE YEAR ENDED DECEMBER 31, 2006

Snyderville Basin Special Recreation District collects park and trail impact fees. The following is a recap of the impact fees outstanding by year of collection:

Year Collected	 Park	Trail
2004	\$ 38,386	\$ -
2005	911,850	-
2006	 1,189,824	 8,762
Total	\$ 2,140,060	\$ 8,762

The District plans to use the impact fees for the following projects:

Use of Impact Fees	Projected Cost		Planned Date of Use
New Park	\$	1,500,000	2007-2009
East Canyon Creek Trail	100	% Available	2009



GREG OGDEN, CPA 1761 EAST 850 SOUTH SPRINGVILLE, UT 84663 (801)489-8408

MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE

May 22, 2007

Board of Directors Snyderville Basin Special Recreation District

I have audited the accompanying financial statements of the governmental activities and each major fund of Snyderville Basin Special Recreation District (District), a component unit of Summit County, Utah, as of and for the year ended December 31, 2006, which collectively comprise the basic financial statements, and have issued my report thereon dated May 22, 2007.

My audit included testwork on the District's compliance with the following general compliance requirements identified in the State of Utah compliance Audit Guide:

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Special Districts
Other General Issues

The District did not receive any major or nonmajor State grants during the year ended December 31, 2006.

The management of the District is responsible for the District's compliance with all compliance requirements identified above. My responsibility is to express an opinion on compliance with those requirements based on my audit.

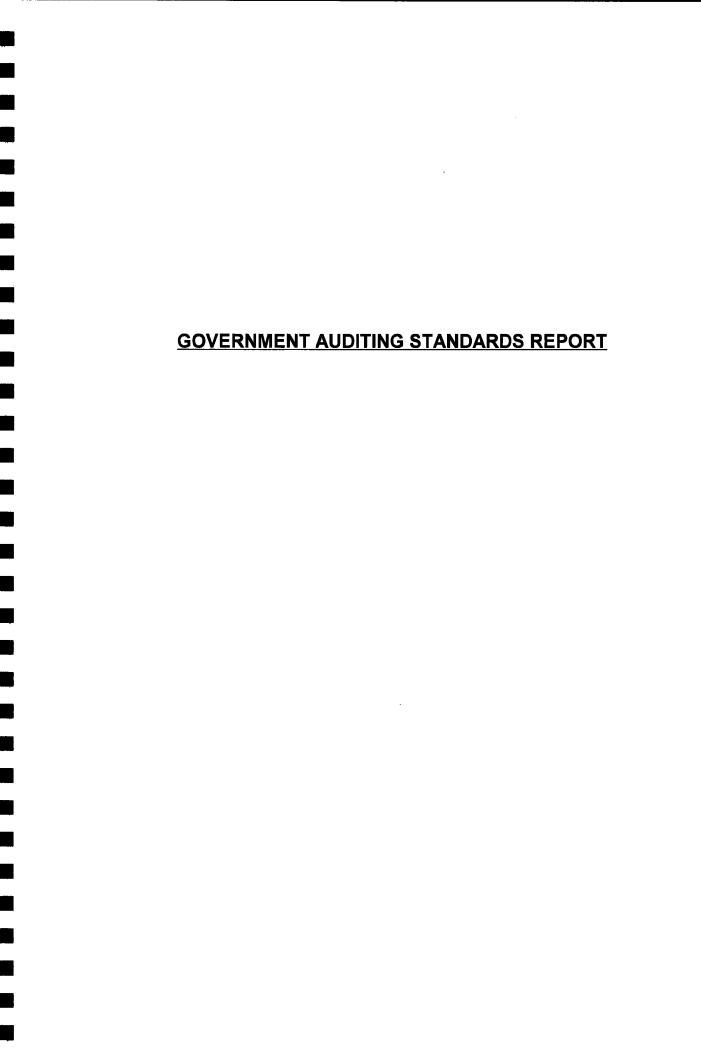
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. I believe that my audit provides a reasonable basis for my opinion.

The results of my audit procedures disclosed an immaterial instance of noncompliance with the requirements referred to above which is described in the accompanying management letter. I considered this instance of noncompliance in forming my opinion on compliance, which is expressed in the following paragraph.

In my opinion, the Snyderville Basin Special Recreation District, complied, in all material respects, with the general compliance requirements identified above for the year ended December 31, 2006.

Greg Ogden,

Certified Public Accountant



GREG OGDEN, CPA 1761 EAST 850 SOUTH SPRINGVILLE, UT 84663 (801)489-8408

MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

May 22, 2007

Board of Directors Snyderville Basin Special Recreation District

I have audited the accompanying financial statements of the governmental activities and each major fund of Snyderville Basin Special Recreation District (District), a component unit of Summit County, Utah as of and for the year ended December 31, 2006, which collectively comprise the basic financial statements, and have issued my report thereon dated May 22, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorized, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance

As part of obtaining reasonable assurance about whether Snyderville Basin Special Recreation District, a component unit of Summit County, Utah's financial statements are free of material misstatements, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the audit committee, the management of Snyderville Basin Special Recreation District, others within the organization, and the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

Greg Ogden,

Certified Public Accountant

SNYDERVILLE BASIN SPECIAL RECREATION DISTRICT, A COMPONENT UNIT OF SUMMIT COUNTY, UTAH

MANAGEMENT LETTER DECEMBER 31, 2006

GREG OGDEN, CPA 1761 EAST 850 SOUTH SPRINGVILLE, UT 84663 (801)489-8408

MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

May 22, 2007

Board of Directors Snyderville Basin Special Recreation District Summit County, Utah

Gentlemen:

The primary purpose of my audit of the financial statements of Snyderville Basin Special Recreation District for the year ended December 31, 2006, was to enable me to form an opinion as to the financial position of the District at that date and the results of its operations for the year then ended. Part of my continuing professional responsibility to my clients is to offer constructive suggestions relative to internal control and other matters that come to my attention during my audit of your financial statements. Your internal control structure is extremely important because it is the principal safeguard against irregularities which an audit may not disclose.

Enclosed for your information and consideration are my comments and suggestions relating to internal accounting controls and other general matters which came to my attention during my audit of the financial statements. I have not performed any auditing procedures beyond the date of my opinion on the financial statements; accordingly, this letter is based on my knowledge as of that date and should be read with that understanding.

In those instances where the need for improvement of internal accounting controls may be indicated, I have satisfied myself by extension of audit tests and review that the indicated weaknesses have not had a significant effect upon the financial statements for the year ended December 31, 2006. Since the purpose of my audit was not to make an intensive study of the matters commented upon, additional investigation may be required before acting on my suggestions.

My suggestions deal exclusively with operational, accounting, and recordkeeping systems and procedures, and should not be regarded as a reflection on the integrity or capabilities of anyone in your organization.

I appreciate the cooperation and assistance I have received from the District's personnel in connection with my audit and in developing these recommendations.

This report is intended solely for the use of the management of Snyderville Basin Special Recreation District. However, this report is a matter of public record and its distribution is not limited.

I would be pleased to discuss any of these matters with you and your representatives at your convenience and, if desired, to assist you in implementing any of these suggestions.

Greg Odder, / Certified Public Accountant

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

STATE COMPLIANCE FINDING

2006-01 FINDING - CASH WAS NOT ALWAYS DEPOSITED WITHIN THREE DAYS

The Utah Code (Section 51-4-2(2) states that all public funds shall be deposited daily, whenever practicable, but not later than three business days after receipt. The District did not always deposit cash within three business days of its receipt.

RECOMMENDATION

I recommend that the District implement a policy of depositing cash daily.

DISTRICT RESPONSE

The District has already changed policies both at the Field House and at the district offices so that cash is now deposited daily.